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DEPARTMENT OF ENERGY

NOTIFICATION

The 11th November 2010

No. 10034—R&R-I-04/2010-En.—Due to inadequate hydropower generation from the F.Y. 2008-2009 onwards GRIDCO is not able to earn enough trading revenue to meet the revenue gap. The revenue gap from 2008-2009 to 2010-2011 has been calculated to be Rs. 3728.09 crore. The budgeted revenue gap for FY 2010-2011 will further go up as the hydropower is inadequate during the current financial year.

GRIDCO is supplying power to the consumers of the State at a price which is lower than the procurement cost and as such the Retail Supply Tariff (RST) is subsidized. Presently, the Distribution Companies are barely able to pay the current BSP Bill amount to GRIDCO and they are not able to pay anything more towards their arrear dues. Hence, the only available recourse to GRIDCO to meet the cash deficit is availing Term Loans from Commercial Banks.

In order to meet the cash deficit, GRIDCO has already availed term loans of Rs. 2,000.00 crore from various Commercial Banks. Further, loan requirement will be about Rs. 1,500.00 crore to tide over the cash deficit in the current year.

GRIDCO submitted a proposal for sanction of Government Guarantee of Rs. 1,000.00 crore for availing loan from Banks to tide over the financial crisis it is facing now.

In pursuance of the decision of the State Cabinet taken in their meeting held on the 29th October 2010, the State Government have been pleased to sanction Government Guarantee of Rs. 1000.00 crore in favour of GRIDCO to enable it to avail loan from the Banks/ F.Is. to tide over its financial difficulties subject to the following conditions :—

- (a) The Guarantee of Rs. 1000.00 crore will cover both principal as well as interest as a special dispensation.
- (b) The previous Guarantee exposures in respect of loans/ bonds fully repaid by GRIDCO will be surrendered to the Government.

- (c) The repayment of dues of Rs. 180.06 crore in FY. 2010-2011 payable to State Government towards 8.5% tax free Government of Orissa Special Bonds may be deferred for a period of 2 (two) years. However, during this moratorium period of two years, GRIDCO will be liable to pay the stipulated penal interest of 10.5% on this defaulted loan. The loan will be repaid by GRIDCO after moratorium of two years in four equal half yearly installments.
- (d) GRIDCO shall open an escrow account before making borrowing covered under State Government Guarantee.
- (e) Current and arrear guarantee fee, if any, will be payable by GRIDCO.

By order of the Governor

P. K. JENA

Commissioner-*cum*-Secretary to Government